

PROPERTY TAX DEFERRAL AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies the deferral provisions of the Property Tax Act.

Highlighted Provisions:

This bill:

- defines terms;
- addresses property tax deferral for certain owners of a single-family residence;
- modifies the interest rate that applies to deferred property taxes;
- clarifies the required contents of an application for a deferral; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-2-1801, as enacted by Laws of Utah 2019, Chapter 453

59-2-1802, as enacted by Laws of Utah 2019, Chapter 453

59-2-1804, as enacted by Laws of Utah 2019, Chapter 453

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-2-1801** is amended to read:

59-2-1801. Definitions.

As used in this part:

(1) "Abatement" means a tax abatement described in Section 59-2-1803.

(2) "Deferral" means a tax deferral described in Section 59-2-1802.

(3) "Eligible owner" means an owner of an attached or a detached single-family residence:

(a) who is 75 years old or older on or before December 31 of the year in which the individual applies for a deferral under this part; and

(b) whose household income, as defined in Section 59-2-1202, does not exceed 200% of the maximum household income certified to a homeowner's credit described in Section 59-2-1208.

~~[(3)]~~ (4) "Indigent individual" is a poor individual as described in Utah Constitution, Article XIII, Section 3, Subsection (4), who:

(a) (i) is at least 65 years old; or

(ii) is less than 65 years old and:

(A) the county finds that extreme hardship would prevail on the individual if the county does not defer or abate the individual's taxes; or

(B) the individual has a disability;

(b) has a total household income, as defined in Section 59-2-1202, of less than the maximum household income certified to a homeowner's credit described in ~~[Subsection 59-2-1208(1)]~~ Section 59-2-1208;

(c) resides for at least 10 months of the year in the residence that would be subject to the requested abatement or deferral; and

(d) cannot pay the tax assessed on the individual's residence when the tax becomes due.

~~[(4)]~~ (5) "Property taxes due" means the taxes due on an indigent individual's property:

(a) for which a county granted an abatement under Section 59-2-1803; and

(b) for the calendar year for which the county grants the abatement.

~~[(5)]~~ (6) "Property taxes paid" means an amount equal to the sum of:

(a) the amount of property taxes the indigent individual paid for the taxable year for which the indigent individual applied for the abatement; and

(b) the amount of the abatement the county grants under Section 59-2-1803.

~~[(6)]~~ (7) "Relative" means a spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, first cousin, or a spouse of any of these individuals.

~~[(7)]~~ (8) "Residence" means real property where an individual resides, including:

(a) a mobile home, as defined in Section 41-1a-102; or

(b) a manufactured home, as defined in Section 41-1a-102.

Section 2. Section **59-2-1802** is amended to read:

59-2-1802. Tax deferral.

(1) (a) In accordance with this part and after giving notice to the taxpayer, a county may defer a tax on residential property ~~[after giving notice to the taxpayer]~~, allowing the taxpayer to pay the tax at a later date.

(b) In determining a deferral, a county shall consider an asset transferred to a relative by an applicant for deferral, if the transfer took place during the three years prior to the day on which the applicant applied for deferral.

(2) A county may grant a deferral described in Subsection (1) at any time:

(a) after the holder of each mortgage or trust deed outstanding on the property gives written approval of the application; and

(b) if the applicant is not the owner of income-producing assets that could be liquidated to pay the tax.

(3) In accordance with this part, if the conditions described in Subsection (4) are satisfied, a county:

(a) on or after January 1, 2022, may defer a tax on an attached single-family residence or a detached single-family residence; or

(b) on or after January 1, 2025, shall defer a tax on an attached single-family residence or a detached single-family residence.

(4) The conditions described in Subsection (3) are as follows:

(a) the owner of the single-family residence is:

(i) an eligible owner; or

(ii) a trust described in Section 59-2-1805 for which the grantor is an eligible owner;

(b) the single-family residence was the eligible owner's primary residence as of January 1 of the year for which the eligible owner applies for a deferral;

(c) (i) subject to Subsection (5), the value of the single-family residence for the year for which the eligible owner applies for a deferral is no greater than 100% of the median property value of attached and detached single-family residences within the county; or

(ii) the eligible owner has owned the single-family residence for a continuous 20 year period as of January 1 of the year for which the eligible owner applies for a deferral; and

(d) the holder of each mortgage or trust deed outstanding on the single-family

residence gives written approval of the deferral.

(5) The values described in Subsection (4)(c) are based on the county assessment roll for the county in which the single-family residence is located.

(6) For purposes of Subsection (4)(c)(ii), if a single-family residence is transferred between an eligible owner and a trust described in Section 59-2-1805, ownership is considered continuous if the eligible owner is the grantor of the trust.

~~[(3)]~~ (7) Taxes deferred by the county accumulate with interest as a lien against the residential property, as described in Subsection ~~[(4)]~~ (8), until the owner sells or otherwise disposes of the residential property.

~~[(4)]~~ (8) Deferred taxes under this section:

~~[(a) bear interest at an interest rate equal to the lesser of:]~~

~~[(i) 6%; or]~~

~~[(ii) the federal funds rate target:]~~

~~[(A) established by the Federal Open Markets Committee; and]~~

~~[(B) that exists on the January 1 immediately preceding the day on which the taxes are deferred; and]~~

(a) bear interest at an interest rate equal to 50% of the rate described in Subsections 59-2-1331(2)(c) and (d); and

(b) have the same status as a lien as described in Sections 59-2-1301 and 59-2-1325.

~~[(5)]~~ (9) If the owner of residential property that is granted deferral under this section is an indigent individual, during the period of deferral the county may not subject the residential property to a tax sale.

Section 3. Section **59-2-1804** is amended to read:

59-2-1804. Application for tax deferral or tax abatement.

(1) (a) Except as provided in Subsection (1)(b), an applicant for deferral or abatement for the current tax year shall annually file an application on or before September 1 with the county in which the applicant's property is located.

(b) If a county finds good cause exists, the county may extend until December 31 the deadline described in Subsection (1)(a).

(c) An indigent individual may apply and potentially qualify for deferral, abatement, or both.

126 (2) (a) An applicant shall include in an application a signed statement that describes the
127 eligibility of the applicant for deferral or abatement.

128 (b) For an application for a deferral under Subsection 59-2-1802(3), the requirements
129 described in Subsection (2)(a) include:

130 (i) proof that the applicant resides at the single-family residence for which the applicant
131 seeks the deferral;

132 (ii) proof of age; and

133 (iii) proof of household income.

134 (3) Both spouses shall sign an application if the application seeks a deferral or
135 abatement on a residence:

136 (a) in which both spouses reside; and

137 (b) that the spouses own as joint tenants.

138 (4) If an applicant is dissatisfied with a county's decision on the applicant's application
139 for deferral or abatement, the applicant may appeal the decision to the commission in
140 accordance with Section 59-2-1006.

141 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
142 commission may make rules to implement this section.

143 Section 4. **Retrospective operation.**

144 This bill has retrospective operation to January 1, 2022.